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C O N F I D E N T I A L SECTION 01 OF 03 MEXICO 003351

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TAGS: PGOV PREL PINR MX
SUBJECT: LEADING ANALYST OPTIMISTIC ABOUT ELECTION PROCESS,
PESSIMISTIC ABOUT NEXT GOVERNMENT

Classified By: ACTING DCM LESLIE A. BASSETT, REASONS, 1.4(B/D).

¶1. (C) Summary: In a wide-ranging discussion, leading
political analyst Denise Dresser told poloffs that while she
was optimistic Mexico's electoral machinery would work, she
questioned whether President Fox's successor -- whoever it
would be -- would be capable of reforming the Mexican state.
She doubted that the election would produce a serious crisis
as she believed that Andres Manuel Lopez Obrador (AMLO) --
even if he sought to mobilize the masses to challenge an
unfavorable result -- would not permit such a mass
mobilization to turn violent. She also believed Mexico's
electoral institutions would prove up to the task of
resolving any challenges to the results. She faulted
President Fox for having failed to neutralize the
Institutional Revolutionary Party (PRI) when he was first
elected, allowing it to use its congressional plurality to
thwart his agenda. The governmental gridlock that resulted
had weakened the authority of the Mexican state. She argued
that although AMLO projected strong leadership, he lacked the
sophistication of his rivals and, if elected, would need a
crash course in policy. She questioned whether Felipe
Calderon had the mettle to take on the vested interests that
blocked many of the structural reforms needed to enhance
Mexico's competitiveness. She opined that unless the PRI
changed, it would soon find itself a marginal force,
relegated to a perpetual third place. She feared that
Mexico's transition "from corporatism to citizenship" likely
would be a long one, and that it would be some time before
Mexico had a government that addressed the real needs of its
citizens. Until then, Mexico would at best continue to
"muddle through," avoiding disaster but continuing to lose
ground to its competitors. End summary.

Diagnosis: Fox Failed to Seize the Moment

¶2. (C) Dresser was highly critical of President Vicente Fox
for failing to seize the unique political moment offered by
his historic election in 2000. She said that in retrospect,
the defining mistake of Fox's presidency was his failure to
destroy the PRI after his election victory, when he could
have lured numerous PRIistas to the PAN and broken its grip
on Congress. In not taking on the PRI at his strongest
moment, Fox allowed it to maintain a veto power over his most
important initiatives, thwarting his agenda. She concluded
that Fox had proven too non-confrontational to be truly
effective as president.

¶3. (C) Dresser also criticized Fox for having failed to
confront powerful sectors head-on to enforce "the rules of
the game," thus undermining the authority of the Mexican
state. She noted, for example, that labor unions, media
conglomerates, and oligarchs have grown stronger under the
Fox Administration, particularly in their capacity to veto
controversial government initiatives that affected their

interests. By way of example, she asserted that Fox
essentially had caved in to Televisa's veto of his nomination
of five well-qualified persons to be commissioners of the
Federal Telecommunications Commission, asserting that
Televisa preferred commissioners with less expertise, who
presumably could be manipulated more easily. She alleged that
Televisa had threatened the Fox Administration that if it did
not come up with a list of more "suitable" nominees soon,
Felipe Calderon would find himself with reduced access to the
mass media in the crucial homestretch of the campaign. She
concluded that powerful industries such as the mass media had
assumed the right to regulate themselves, acquiring "power
above that of the president."

AMLO to Need a Crash Course in Policy

¶4. (C) Dresser argued that to understand AMLO, one had to
look not at his campaign rhetoric, but rather at his record
as Mayor of Mexico City, observing that he had governed
pragmatically, even if his policies tended to the left. As
evidence of his pragmatism, she singled out the relationship
he had forged with oligarch Carlos Slim, with whom he had
worked closely, particularly in pursuit of their shared
objective to restore Mexico City's historic center. She
noted that ironically, Slim might be the Mexican to profit
most from an AMLO presidency, as he would be well placed to
benefit from AMLO's proposed public works and infrastructure
projects. She believed he likely would appeal to AMLO's
nationalistic side, arguing that state contracts should be
awarded to Mexican-owned companies, i.e., his companies,
rather than to foreign ones.

¶5. (C) She said that although AMLO was considerably less

sophisticated than Felipe Calderon, he projected great
natural leadership and a sense of authenticity that appealed
to ordinary Mexicans. She said AMLO was absolutely convinced
-- in large part by the large and enthusiastic crowds
greeting him on his campaign swings -- that he would win if
the election were truly fair, and she believed he therefore
would challenge as illegitimate any unfavorable result. She
said that while AMLO was very skilled at mobilizing the
masses, he has always been careful not to allow such
mobilizations to become violent, skillfully employing his
"extraordinary moral authority" among his followers to keep
them from crossing the line. She believed that in the event
of a post-election mass mobilization, he again would seek to
prevent demonstrations from becoming violent, in part because
at the age of 52, he would not want to jeopardize his
political future. She conceded, however, that there was
always the risk that isolated extremists would seek to
exploit the situation to their advantage.

¶6. (C) Dresser said that if elected, AMLO would need a quick
education, particularly since his key advisors were "limited"
in ability. Although he tended to be stubborn and to believe
strongly in his own ideas, he has also demonstrated that he
is capable of admitting to and correcting errors. On the
other hand, she believes that if AMLO is elected, the
competing expectations of his followers and concerns of his
opponents would create a very narrow margin for error;
accordingly, Dresser expected him to start off the
post-electoral period with a conciliatory discourse. To do
otherwise would risk provoking capital flight.

Calderon Too Cautious to Take on Vested Interests?
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¶7. (C) Dresser argued that just as AMLO had broadened his
appeal by tilting to the center, Calderon would need to do
the same in the remaining days of the campaign, in order to
win over the swing voters who would decide the election. She
said he had poorly managed the controversy over alleged
influence trafficking on behalf of his brother-in-law, and

that his standing in the polls had suffered accordingly. She
noted that while Calderon was highly intelligent, she
questioned whether he would be tough enough to take on
Mexico's vested interests -- many represented within his
party -- as necessary to implement the structural reforms
Mexico needs be competitive.

PRI Never Learned the Lesson of 2000

¶8. (C) Dresser observed that the PRI had not learned from
its historic defeat six years ago, and that party leaders did
not understand that when faced with a viable alternative, the
Mexican people would not continue to accept the
authoritarianism, corruption, and cronyism for which the PRI
was infamous. She said the PRI's worst legacy was having
created a political culture based on clientism and patronage;
Mexican voters had been conditioned to "live with
outstretched hands," counting on the government's beneficence
and offering their support to the candidate who offered them
the most benefits. (Comment: She failed to point out,
however, that AMLO's populist platform falls squarely in this
patronage tradition. End comment.) She noted that even the
Mexican educational system -- largely developed under
successive PRI governments -- tended to reinforce this
culture of patronage, inculcating an admiration for the
victims of Mexican history, as well as a distrust of
entrepreneurship and wealth creation. These tendencies would
need to be relegated to the past if Mexico wished to become a
global economic powerhouse.

Electoral Institutions Likely to Hold, Yet More Reforms Needed
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¶9. (C) Dresser downplayed concerns that a contested election
would produce post-election instability. She noted that
Mexican law laid out clear procedures to follow in the event
of a contested result, and that the Federal Electoral
Institute (IFE) and the electoral tribunal (TEPJF) were
independent and respected electoral institutions that she
believed were capable of resolving any complaints.
Notwithstanding this confidence, she believed that the next
administration should pursue further electoral and political
reforms. She argued, for example, that the presidential
campaign should be considerably shortened, and that financing
should be reduced, in part to prevent the campaign from being
waged primarily on the airwaves, a trend that has benefited
only the media conglomerates. She also believed there need
to be structural reforms that encourage coalition-building.

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¶10. (C) In response to the Acting DCM's question, Dresser
asserted that the foci of instability that we have witnessed
in recent months, including labor unrest and violent clashes
in San Salvador Atenco, were not uncommon election year
phenomena, adding that a review of pre-election newspapers
from the year 2000 would surely reveal that similar incidents
of instability had occurred before that election.

Comment: A Long Road from Corporatism to Citizenship
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¶11. (C) Dresser concluded our breakfast by lamenting that
Mexico's evolution from a state based on corporatism to one
based on the principle of citizenship is likely to be a long
process that will not be concluded in the coming sexenio,
regardless of who wins. We could not agree more. Indeed,
should AMLO win, it may well be that the biggest change will
not be in the nature of Mexico's economic model or in the
"rules of the game," but rather in which sectors are favored
with government largesse and patronage. And while in a
country as unequal as Mexico it is difficult to criticize
AMLO's desire to share more of the government's largesse with
the truly needy, if past is prologue, no matter who wins,
Mexico's most politically nimble oligarchs may well be the

ones to benefit most. In sum, while Mexico's electoral
institutions may now be strong enough to withstand partisan
demands and machinations, we expect it will be some time
before Mexico's governing institutions are strong enough to
withstand sectoral ones.

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BASSETT